



ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2002
OF THE CONDITION AND AFFAIRS OF THE

THE CINCINNATI INSURANCE COMPANY

NAIC Group Code 0244 (Current Period) 0244 (Prior Period) NAIC Company Code 10677 Employer's ID Number 31-0542366

Organized under the Laws of Ohio, State of Domicile or Port of Entry

Country of Domicile United States of America

Incorporated 08/02/1950 Commenced Business 01/23/1951

Statutory Home Office 6200 SOUTH GILMORE ROAD, FAIRFIELD, OH 45014-5141

Main Administrative Office 6200 SOUTH GILMORE ROAD (Street and Number)

FAIRFIELD, OH 45014-5141 (City or Town, State and Zip Code) 513-870-2000 (Area Code) (Telephone Number)

Mail Address P.O. BOX 145496, CINCINNATI, OH 45250-5496

Primary Location of Books and Records 6200 SOUTH GILMORE ROAD (Street and Number)

FAIRFIELD, OH 45014-5141 (City or Town, State and Zip Code) 513-870-2604 (Area Code) (Telephone Number)

Internet Website Address WWW.CINFIN.COM

Statement Contact Beth A Adkins (Name) 513-870-2604 (Area Code) (Telephone Number) (Extension) beth_adkins@cinfin.com (E-mail Address) 513-603-5500 (Fax Number)

Policyowner Relations Contact 6200 SOUTH GILMORE ROAD (Street and Number) FAIRFIELD, OH 45014-5141 (City or Town, State and Zip Code) 513-870-2000 (Area Code) (Telephone Number) (Extension)

OFFICERS

President JOHN JEFFERSON SCHIFF, JR. CPCU Treasurer ERIC NEIL MATHEWS, AIAF Secretary KENNETH WILLIAM STECHER

SENIOR VICE PRESIDENTS

VICE PRESIDENTS

ASSISTANT VICE PRESIDENTS

SECRETARIES

Table listing names and titles of officers: James Eugene Benoski, Dawn Marie Alcorn, Charles Marvin Armentrout, AIC, Michael Ray Abrams, etc.

DIRECTORS OR TRUSTEES

Table listing names of directors or trustees: James Eugene Benoski, John Edward Field, CPCU, James Gordon Miller, etc.

State ofOHIO.....
 County ofBUTLER..... } ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions and Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

 JOHN JEFFERSON SCHIFF, JR. CPCU
 President

 KENNETH WILLIAM STECHER
 Secretary

 ERIC NEIL MATHEWS, AIAF
 Treasurer

Subscribed and sworn to before me this
 15th day of FEBRUARY, 2003

a. Is this an original filing? Yes [x] No []
 b. If no,
 1. State the amendment number _____
 2. Date filed _____
 3. Number of pages attached _____

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE THE CINCINNATI INSURANCE COMPANY

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds	1,820,029,061		1,820,029,061	1,730,712,599
2. Stocks:				
2.1 Preferred stocks (Schedule D, Part 2, Section 1)	299,603,523		299,603,523	284,170,345
2.2 Common stocks (Schedule D, Part 2, Section 2)	3,261,516,975		3,261,516,975	3,547,687,417
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances)			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$58,702,662 Schedule E, Part 1) and short-term investments(\$595,721 Schedule DA, Part 2)	59,298,383		59,298,383	47,166,312
6. Other invested assets (Schedule BA)	12,152,194		12,152,194	12,223,672
7. Receivable for securities	7,027,909		7,027,909	6,907,555
8. Aggregate write-ins for invested assets	0	0	0	0
9. Subtotals, cash and invested assets (Lines 1 to 8)	5,459,628,045	0	5,459,628,045	5,628,867,900
10. Agents' balances or uncollected premiums:				
10.1 Premiums and agents' balances in course of collection	942,766,696	10,000,000	932,766,696	718,772,449
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (Including \$24,549,876 earned but unbilled premiums)	24,549,876	2,493,141	22,056,735	6,291,793
10.3 Accrued retrospective premiums	381,536		381,536	853,442
11. Funds held by or deposited with reinsured companies	1,580,685		1,580,685	4,623,752
12. Bills receivable, taken for premiums			0	0
13. Amounts receivable under high deductible policies	1,150,000		1,150,000	0
14. Reinsurance recoverables on loss and loss adjustment expense payments (Schedule F, Part 3, Cols. 7 and 8)	2,244,391		2,244,391	1,919,230
15. Federal and foreign income tax recoverable and interest thereon (including \$ net deferred tax asset)	51,257,991		51,257,991	311,177,286
16. Guaranty funds receivable or on deposit			0	0
17. Electronic data processing equipment and software.....	40,811,104	34,182,435	6,628,669	8,294,302
18. Interest, dividends and real estate income due and accrued	45,682,739		45,682,739	45,078,331
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Receivable from parent, subsidiaries and affiliates	77,321,301		77,321,301	53,144,276
21. Amount due from/to protected cells			0	0
22. Equities and deposits in pools and associations	29,972,824		29,972,824	21,874,556
23. Amounts receivable relating to uninsured accident and health plans			0	0
24. Other assets nonadmitted (Exhibit 1)	28,255,350	28,255,350	0	0
25. Aggregate write-ins for other than invested assets	18,226,967	678,739	17,548,228	7,956,070
26. Total assets excluding protected cell assets (Lines 9 through 25)	6,723,829,505	75,609,665	6,648,219,840	6,808,853,387
27. Protected cell assets			0	0
28. TOTALS (Lines 26 and 27)	6,723,829,505	75,609,665	6,648,219,840	6,808,853,387
DETAILS OF WRITE-INS				
0801.				
0802.				
0803.				
0898. Summary of remaining write-ins for Line 8 from overflow page	0	0	0	0
0899. Totals (Lines 0801 thru 0803 plus 0898) (Line 8 above)	0	0	0	0
2501. Corporate Life Insurance.....			0	57,927
2502. Miscellaneous Receivables.....	18,226,967	678,739	17,548,228	7,898,143
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)	18,226,967	678,739	17,548,228	7,956,070

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8)	2,089,834,483	1,886,072,608
2. Reinsurance payable on paid loss and loss adjustment expenses (Schedule F, Part 1, Column 6)	23,901,188	20,732,416
3. Loss adjustment expenses (Part 2A, Line 34, Column 9)	518,503,505	465,548,348
4. Commissions payable, contingent commissions and other similar charges	29,178,102	25,061,233
5. Other expenses (excluding taxes, licenses and fees)	15,657,666	14,001,691
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	29,004,171	27,020,916
7. Federal and foreign income taxes (including \$ (21,127,866) on realized capital gains (losses)) (including \$248,021,351 net deferred tax liability)	248,021,351	700,715,873
8. Borrowed money \$ and interest thereon \$		0
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$47,120,476 and including warranty reserves of \$)	1,269,570,141	1,032,830,501
10. Advance premiums		
11. Dividends declared and unpaid:		
11.1 Stockholders		0
11.2 Policyholders	15,200,000	22,000,000
12. Ceded reinsurance premiums payable (net of ceding commissions)	27,301,557	8,291,886
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		0
14. Amounts withheld or retained by company for account of others	7,486,261	6,929,801
15. Remittances and items not allocated		0
16. Provision for reinsurance (Schedule F, Part 7)	153,000	2,769,000
17. Net adjustments in assets and liabilities due to foreign exchange rates		0
18. Drafts outstanding		44,776,558
19. Payable to parent, subsidiaries and affiliates	10,202,397	3,914,875
20. Payable for securities	14,055,677	2,025,075
21. Liability for amounts held under uninsured accident and health plans		0
22. Capital Notes \$ and interest thereon \$		0
23. Aggregate write-ins for liabilities	13,045,770	15,911,767
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	4,311,115,269	4,278,602,548
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	4,311,115,269	4,278,602,548
27. Aggregate write-ins for special surplus funds	0	0
28. Common capital stock	3,586,355	3,586,355
29. Preferred capital stock		0
30. Aggregate write-ins for other than special surplus funds	0	0
31. Surplus notes		0
32. Gross paid in and contributed surplus	135,238,343	135,238,344
33. Unassigned funds (surplus)	2,198,279,873	2,391,426,142
34. Less treasury stock, at cost:		
34.1 shares common (value included in Line 28 \$)		0
34.2 shares preferred (value included in Line 29 \$)		0
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 38)	2,337,104,571	2,530,250,841
36. TOTALS (Page 2, Line 28, Col. 3)	6,648,219,840	6,808,853,389
DETAILS OF WRITE-INS		
2301. Payroll Suspense	1,408,582	927,022
2302. Accounts Payable -- Other	8,780,827	12,984,745
2303. Pension Liability	2,400,000	2,000,000
2398. Summary of remaining write-ins for Line 23 from overflow page	456,361	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	13,045,770	15,911,767
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	0	0
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above)	0	0

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE THE CINCINNATI INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 34, Column 4)	2,393,079,865	2,066,922,799
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7)	1,472,138,937	1,381,026,959
3. Loss expenses incurred (Part 3, Line 25, Column 1)	272,776,207	209,563,127
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	660,956,174	567,704,040
5. Aggregate write-ins for underwriting deductions	0	0
6. Total underwriting deductions (Lines 2 through 5)	2,405,871,318	2,158,294,126
7. Net income of protected cells		
8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7)	(12,791,453)	(91,371,327)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	219,954,650	210,618,652
10. Net realized capital gains or (losses) (Exhibit of Capital Gains (Losses))	(60,365,332)	5,607,094
11. Net investment gain or (loss) (Lines 9 + 10)	159,589,318	216,225,746
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$666,618)	(666,618)	(418,164)
13. Finance and service charges not included in premiums	2,352,823	2,939,263
14. Aggregate write-ins for miscellaneous income	5,365,414	464,456
15. Total other income (Lines 12 through 14)	7,051,619	2,985,555
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15)	153,849,484	127,839,974
17. Dividends to policyholders	5,564,889	16,076,348
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17)	148,284,595	111,763,626
19. Federal and foreign income taxes incurred	15,547,791	33,891,791
20. Net income (Line 18 minus Line 19) (to Line 22)	132,736,804	77,871,835
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 38, Column 2)	2,530,250,839	3,168,824,025
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20)	132,736,804	77,871,835
23. Net unrealized capital gains or (losses)	(355,650,827)	(228,435,310)
24. Change in net unrealized foreign exchange capital gain (loss)		0
25. Change in net deferred income tax	134,261,907	4,516,715
26. Change in nonadmitted assets (Exhibit 1, Line 5, Col. 3)	(7,110,146)	2,082,776
27. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	2,616,000	(2,769,000)
28. Change in surplus notes		0
29. Surplus (contributed to) withdrawn from protected cells		
30. Cumulative effect of changes in accounting principles		(391,840,202)
31. Capital changes:		
31.1. Paid in		0
31.2. Transferred from surplus (Stock Dividend)		0
31.3. Transferred to surplus		0
32. Surplus adjustments:		
32.1. Paid in		0
32.2. Transferred to capital (Stock Dividend)		0
32.3. Transferred from capital		0
33. Net remittances from or (to) Home Office		0
34. Dividends to stockholders (cash)	(100,000,000)	(100,000,000)
35. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)	0	0
36. Aggregate write-ins for gains and losses in surplus	0	0
37. Change in surplus as regards policyholders for the year (Lines 22 through 36)	(193,146,262)	(638,573,186)
38. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 37) (Page 3, Line 35)	2,337,104,577	2,530,250,839
DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0
1401. Collection Fees.....	5,365,414	464,456
1402.		
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	5,365,414	464,456
3601.		
3602.		
3603.		
3698. Summary of remaining write-ins for Line 36 from overflow page	0	0
3699. Totals (Lines 3601 thru 3603 plus 3698) (Line 36 above)	0	0

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	2,417,749,112	2,090,670,783
2. Loss and loss adjustment expenses paid (net of salvage and subrogation)	1,530,131,060	1,418,686,138
3. Underwriting expenses paid	653,251,929	554,786,244
4. Other underwriting income (expenses)	0	0
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	234,366,123	117,198,401
6. Net investment income	218,388,210	208,282,918
7. Other income (expenses):		
7.1 Agents' balances charged off	(666,618)	(418,164)
7.2 Net funds held under reinsurance treaties	3,043,067	893,491
7.3 Net amount withheld or retained for account of others	556,460	2,818,277
7.4 Aggregate write-ins for miscellaneous items	(380,031)	(682,394)
7.5 Total other income (Lines 7.1 to 7.4)	2,552,878	2,611,210
8. Dividends to policyholders on direct business, less \$	12,364,889	13,076,348
dividends on reinsurance assumed or ceded (net)	(74,061,111)	(6,516,509)
9. Federal and foreign income taxes (paid) recovered	(74,061,111)	(6,516,509)
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9)	368,881,211	308,499,672
Cash from Investments		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds	173,296,873	139,078,815
11.2 Stocks	80,106,435	172,553,044
11.3 Mortgage loans	0	0
11.4 Real estate	0	0
11.5 Other invested assets	0	0
11.6 Net gains or (losses) on cash and short-term investments	0	0
11.7 Miscellaneous proceeds	13,800,519	52,895,853
11.8 Total investment proceeds (Lines 11.1 to 11.7)	267,203,827	364,527,712
12. Cost of investments acquired (long-term only):		
12.1 Bonds	321,914,837	296,277,111
12.2 Stocks	166,768,383	235,953,634
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	4,972,550
12.6 Miscellaneous applications	120,354	30,754,177
12.7 Total investments acquired (Lines 12.1 to 12.6)	488,803,574	567,957,472
13. Net Cash from investments (Line 11.8 minus Line 12.7)	(221,599,747)	(203,429,760)
Cash from Financing and Miscellaneous Sources		
14. Cash provided:		
14.1 Surplus notes, capital and surplus paid in	0	0
14.2 Capital notes \$	0	0
less amounts repaid \$	0	0
14.3 Net transfers from affiliates	0	8,048,932
14.4 Borrowed funds received	0	0
14.5 Other cash provided	0	10,175,354
14.6 Total (Lines 14.1 to 14.5)	0	18,224,286
15. Cash applied:		
15.1 Dividends to stockholders paid	100,000,000	100,000,000
15.2 Net transfers to affiliates	17,889,503	0
15.3 Borrowed funds repaid	0	0
15.4 Other applications	17,259,889	12,985,900
15.5 Total (Lines 15.1 to 15.4)	135,149,392	112,985,900
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5)	(135,149,392)	(94,761,614)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
17. Net change in cash and short-term investments (Line 10, plus Line 13, plus Line 16)	12,132,072	10,308,298
18. Cash and short-term investments:		
18.1 Beginning of year	47,166,311	36,858,013
18.2 End of year (Line 17 plus Line 18.1)	59,298,383	47,166,311
DETAILS OF WRITE-INS		
07.401 Finance Charges	2,352,823	2,939,263
07.402 Collection Fees	5,365,414	464,456
07.403 Change in Equities & Deposits in Pools & Assoc	(8,098,268)	(4,086,113)
07.498 Summary of remaining write-ins for Line 7.4 from overflow page	0	0
07.499 Totals (Lines 07.401 thru 07.403 plus 07.498) (Line 7.4 above)	(380,031)	(682,394)

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Lines of Business		1	2	3	4
		Net Premiums Written per Column 6, Part 1B	Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 2	Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire	44,731,811	14,978,731	23,327,352	36,383,190
2.	Allied lines	29,722,908	10,399,957	16,019,774	24,103,091
3.	Farmowners multiple peril	1,288	2,148	685	2,751
4.	Homeowners multiple peril	224,475,631	108,049,817	122,703,194	209,822,254
5.	Commercial multiple peril	669,179,038	247,717,548	310,029,968	606,866,618
6.	Mortgage guaranty	0	0	0	0
8.	Ocean marine	0	0	0	0
9.	Inland marine	52,702,325	20,583,122	26,981,220	46,304,227
10.	Financial guaranty	0	0	0	0
11.1	Medical malpractice - occurrence	35,772,022	13,215,478	16,085,877	32,901,623
11.2	Medical malpractice - claims-made	0	0	0	0
12.	Earthquake	1,467,966	450,472	729,243	1,189,195
13.	Group accident and health	0	0	0	0
14.	Credit accident and health (group and individual)	0	0	0	0
15.	Other accident and health	67,127	2,209	1,502	67,834
16.	Workers' compensation	294,902,232	104,333,972	105,133,755	294,102,449
17.1	Other liability - occurrence	274,366,453	103,258,170	144,265,546	233,359,077
17.2	Other liability - claims-made	50,099,737	24,960,885	32,672,597	42,388,025
18.1	Products liability - occurrence	43,160,516	14,988,210	19,125,750	39,022,976
18.2	Products liability - claims-made	0	0	0	0
19.1,19.2	Private passenger auto liability	205,439,953	91,640,617	102,772,169	194,308,401
19.3,19.4	Commercial auto liability	300,532,848	104,246,180	137,729,577	267,049,451
21.	Auto physical damage	333,310,237	139,325,637	161,311,424	311,324,450
22.	Aircraft (all perils)	13,541,801	8,959,019	2,568,494	19,932,326
23.	Fidelity	7,941,463	4,325,584	5,959,931	6,307,116
24.	Surety	16,256,964	7,976,010	9,430,181	14,802,793
26.	Burglary and theft	777,346	329,777	468,417	638,706
27.	Boiler and machinery	14,292,233	5,233,152	7,322,073	12,203,312
28.	Credit	0	0	0	0
29.	International	0	0	0	0
30.	Reinsurance - Nonproportional Assumed Property	0	0	0	0
31.	Reinsurance - Nonproportional Assumed Liability	0	0	0	0
32.	Reinsurance - Nonproportional Assumed Financial Lines	0	0	0	0
33.	Aggregate write-ins for other lines of business	0	0	0	0
34.	TOTALS	2,612,741,899	1,024,976,695	1,244,638,729	2,393,079,865
DETAILS OF WRITE-INS					
3301.				
3302.				
3303.				
3398.	Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0
3399.	Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

(a) Gross premiums (less reinsurance) and unearned premiums on all unexpired risks and reserve for return premiums under rate credit or retrospective rating plans based upon experience, viz:

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (b)	2 Amount Unearned (Running More Than One Year from Date of Policy) (b)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols: 1 + 2 + 3 + 4
1. Fire	23,239,382	87,970			23,327,352
2. Allied lines	15,947,228	72,546			16,019,774
3. Farmowners multiple peril	685				685
4. Homeowners multiple peril	122,355,526	347,668			122,703,194
5. Commercial multiple peril	311,492,552	1,343,383	(2,805,967)		310,029,968
6. Mortgage guaranty					0
8. Ocean marine					0
9. Inland marine	26,731,777	249,443			26,981,220
10. Financial guaranty					0
11.1 Medical malpractice - occurrence	15,813,848	272,029			16,085,877
11.2 Medical malpractice - claims-made					0
12. Earthquake	727,728	1,515			729,243
13. Group accident and health					0
14. Credit accident and health (group and individual)					0
15. Other accident and health	1,502				1,502
16. Workers' compensation	126,811,713	(296,422)	(21,000,000)	(381,536)	105,133,755
17.1 Other liability - occurrence	143,887,843	707,410	(329,707)		144,265,546
17.2 Other liability - claims-made	26,978,971	5,693,626			32,672,597
18.1 Products liability - occurrence	19,490,678	49,274	(414,202)		19,125,750
18.2 Products liability - claims-made					0
19.1,19.2 Private passenger auto liability	102,733,401	38,768			102,772,169
19.3,19.4 Commercial auto liability	137,242,823	486,754			137,729,577
21. Auto physical damage	161,088,904	222,520			161,311,424
22. Aircraft (all perils)	3,164,188	(595,694)			2,568,494
23. Fidelity	2,635,409	3,324,522			5,959,931
24. Surety	5,607,382	3,822,799			9,430,181
26. Burglary and theft	430,039	38,378			468,417
27. Boiler and machinery	7,264,304	57,769			7,322,073
28. Credit					0
29. International					0
30. Reinsurance - Nonproportional Assumed Property					0
31. Reinsurance - Nonproportional Assumed Liability					0
32. Reinsurance - Nonproportional Assumed Financial Lines					0
33. Aggregate write-ins for other lines of business	0	0	0	0	0
34. TOTALS	1,253,645,883	15,924,258	(24,549,876)	(381,536)	1,244,638,729
35. Accrued retrospective premiums based on experience					381,536
36. Earned but unbilled premiums					24,549,876
37. Balance (Sum of Line 34 through 36)					1,269,570,141
DETAILS OF WRITE-INS					
3301.					
3302.					
3303.					
3398. Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0	0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0

(a) By gross premiums is meant the aggregate of all the premiums written in the policies or renewals in force.

Are they so returned in this statement? Yes [X] No []

(b) State here basis of computation used in each case . Monthly Pro Rata.....

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1B - PREMIUMS WRITTEN

Gross Premiums (Less Return Premiums), Including Policy and Membership Fees Written and Renewed During Year

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire	46,709,149	8,275	1,162,807		3,148,420	44,731,811
2. Allied lines	28,663,926	7,126	2,516,381		1,464,525	29,722,908
3. Farmowners multiple peril	1,397				109	1,288
4. Homeowners multiple peril	229,827,048	5,553,076	897,473		11,801,966	224,475,631
5. Commercial multiple peril	690,842,525	1,262,770	4,141,732		27,067,989	669,179,038
6. Mortgage guaranty						0
8. Ocean marine						0
9. Inland marine	55,118,214	318,071	986		2,734,946	52,702,325
10. Financial guaranty						0
11.1 Medical malpractice - occurrence	35,873,017	78,125			179,120	35,772,022
11.2 Medical malpractice - claims-made						0
12. Earthquake	1,420,897	120,963	538		74,432	1,467,966
13. Group accident and health						0
14. Credit accident and health (group and individual)						0
15. Other accident and health	60,273	1,550			(5,304)	67,127
16. Workers' compensation	96,927,238	203,639,366	21,163,905		26,828,277	294,902,232
17.1 Other liability - occurrence	313,623,011	650,112	117,928		40,024,598	274,366,453
17.2 Other liability - claims-made	58,125,106				8,025,369	50,099,737
18.1 Products liability - occurrence	51,381,111		3,141,114		11,361,709	43,160,516
18.2 Products liability - claims-made						0
19.1,19.2 Private passenger auto liability	185,256,454	19,749,209	444,404		10,114	205,439,953
19.3,19.4 Commercial auto liability	299,895,131	751	1,792,429		1,155,463	300,532,848
21. Auto physical damage	320,947,980	18,978,736	248,481		6,864,960	333,310,237
22. Aircraft (all perils)	185,721,602		32,555,617		204,735,418	13,541,801
23. Fidelity	8,156,176	510			215,223	7,941,463
24. Surety	19,108,711	2,803			2,854,550	16,256,964
26. Burglary and theft	870,534				93,188	777,346
27. Boiler and machinery	15,090,569		(33,042)		765,294	14,292,233
28. Credit						0
29. International						0
30. Reinsurance - Nonproportional Assumed Property	XXX					0
31. Reinsurance - Nonproportional Assumed Liability	XXX					0
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX					0
33. Aggregate write-ins for other lines of business	0	0	0	0	0	0
34. TOTALS	2,643,620,069	250,371,443	68,150,753	0	349,400,366	2,612,741,899
DETAILS OF WRITE-INS						
3301.						
3302.						
3303.						
3398. Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0	0	0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0	0

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes [] No [X]

If yes: 1. The amount of such installment premiums \$

2. Amount at which such installment premiums would have been reported had they been reported on an annualized basis \$

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE THE CINCINNATI INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Previous Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire	11,920,155	752,154	17,614	12,654,695	4,901,053	6,020,760	11,534,988	31.7
2. Allied lines	10,112,678	307,151	212,547	10,207,282	3,784,428	4,363,214	9,628,496	39.9
3. Farmowners multiple peril				0	0	0	0	0.0
4. Homeowners multiple peril	174,395,366	4,577,483	8,302,365	170,670,484	81,326,741	68,110,111	183,887,114	87.6
5. Commercial multiple peril	294,583,797	5,081,460	11,143,825	288,521,432	433,595,937	382,359,454	339,757,915	56.0
6. Mortgage guaranty				0	0	0	0	0.0
8. Ocean marine				0	0	0	0	0.0
9. Inland marine	15,601,348	171,556	56,661	15,716,243	2,847,772	3,737,101	14,826,914	32.0
10. Financial guaranty				0	0	0	0	0.0
11.1 Medical malpractice - occurrence	14,366,485	166,928		14,533,413	88,766,532	67,847,178	35,452,767	107.8
11.2 Medical malpractice - claims-made				0	0	0	0	0.0
12. Earthquake	2,250	34		2,284	162	764	1,682	0.1
13. Group accident and health				0	0	0	0	0.0
14. Credit accident and health (group and individual)				0	0	0	0	0.0
15. Other accident and health	26,860			26,860	0	20,000	6,860	10.1
16. Workers' compensation	64,359,302	107,864,315	5,435,128	166,788,489	413,152,019	383,352,892	196,587,616	66.8
17.1 Other liability - occurrence	97,788,902	762,764	5,553,276	92,998,390	464,939,205	383,579,994	174,357,601	74.7
17.2 Other liability - claims-made	4,962,327			4,962,327	22,431,979	20,378,435	7,015,871	16.6
18.1 Products liability - occurrence	9,712,386	548,480	1,719,625	8,541,241	56,698,616	40,068,508	25,171,349	64.5
18.2 Products liability - claims-made				0	0	0	0	0.0
19.1,19.2 Private passenger auto liability	125,069,567	15,611,536		140,681,103	170,979,767	169,600,126	142,060,744	73.1
19.3,19.4 Commercial auto liability	152,841,068	1,108,301	345,375	153,603,994	320,438,049	307,463,901	166,578,142	62.4
21. Auto physical damage	157,003,714	9,691,651	1,364,386	165,330,979	8,871,450	27,302,212	146,900,217	47.2
22. Aircraft (all perils)	24,297,048	12,328,268	26,673,787	9,951,529	7,963,544	10,166,327	7,748,746	38.9
23. Fidelity	6,152,064	4		6,152,068	6,630,356	6,460,536	6,321,888	100.2
24. Surety	1,193,301	778	(412,791)	1,606,870	204,895	2,550,789	(739,024)	(5.0)
26. Burglary and theft	30,298			30,298	11,000	79,501	(38,203)	(6.0)
27. Boiler and machinery	4,693,991	703,090		5,397,081	2,290,978	2,610,805	5,077,254	41.6
28. Credit				0	0	0	0	0.0
29. International				0	0	0	0	0.0
30. Reinsurance - Nonproportional Assumed Property	XXX			0	0	0	0	0.0
31. Reinsurance - Nonproportional Assumed Liability	XXX			0	0	0	0	0.0
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX			0	0	0	0	0.0
33. Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0.0
34. TOTALS	1,169,112,907	159,675,953	60,411,798	1,268,377,062	2,089,834,483	1,886,072,608	1,472,138,937	61.5
DETAILS OF WRITE-INS								
3301.								
3302.								
3303.								
3398. Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0	0	0	0	0.0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0	0	0	0.0

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE THE CINCINNATI INSURANCE COMPANY

**UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES**

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire	4,215,292	479,267	10,789	4,683,770	185,000	32,283		4,901,053	727,311
2. Allied lines	3,607,611	77,956	17,289	3,683,778	97,000	20,150	1,000	3,784,428	511,435
3. Farmowners multiple peril				.0				.0	
4. Homeowners multiple peril	68,058,030	1,396,548	1,072,307	68,382,271	15,399,000	191,470	2,646,000	81,326,741	14,419,940
5. Commercial multiple peril	364,881,617	13,588,883	12,153,106	366,317,394	65,304,930	4,550,166	2,576,553	433,595,937	175,601,383
6. Mortgage guaranty				.0				.0	
8. Ocean marine				.0				.0	
9. Inland marine	2,424,789	35,347	24,364	2,435,772	412,000	.0		2,847,772	475,040
10. Financial guaranty				.0				.0	
11.1 Medical malpractice - occurrence	62,254,641	31,803		62,286,444	26,146,000	334,088		88,766,532	46,628,428
11.2 Medical malpractice - claims-made				.0				.0	
12. Earthquake		162		162				162	
13. Group accident and health				.0				(a) .0	
14. Credit accident and health (group and individual)				.0				.0	
15. Other accident and health				.0				(a) .0	
16. Workers' compensation	75,888,288	143,181,696	12,058,112	207,011,872	75,205,541	161,294,245	30,359,639	413,152,019	63,750,889
17.1 Other liability - occurrence	242,300,735	2,314,330	54,210,261	190,404,804	345,726,000	9,475,401	80,667,000	464,939,205	68,215,829
17.2 Other liability - claims-made	39,513,417		17,381,438	22,131,979	300,000			22,431,979	24,654,786
18.1 Products liability - occurrence	42,243,202	2,999,433	6,400,891	38,841,744	20,802,309	1,104,020	4,049,457	56,698,616	33,694,561
18.2 Products liability - claims-made				.0				.0	
19.1,19.2 Private passenger auto liability	144,598,903	17,301,339		161,900,242	8,166,527	912,998		170,979,767	28,692,412
19.3,19.4 Commercial auto liability	253,001,124	875,803	2,316,142	251,560,785	67,815,626	1,911,638	850,000	320,438,049	51,843,091
21. Auto physical damage	653,529	(1,096,990)	103,008	(546,469)	9,455,734	537,185	575,000	8,871,450	3,179,472
22. Aircraft (all perils)	240,794,089	10,323,843	244,387,035	6,730,897	17,964,248	1,504,088	18,235,689	7,963,544	2,630,989
23. Fidelity	6,846,466	13,890	340,000	6,520,356	110,000			6,630,356	1,454,455
24. Surety	1,927,790	122,273	1,870,208	179,855	25,000	40		204,895	1,725,283
26. Burglary and theft				.0	11,000			11,000	644
27. Boiler and machinery	857,758	218,220		1,075,978	1,215,000			2,290,978	297,557
28. Credit				.0				.0	
29. International				.0				.0	
30. Reinsurance - Nonproportional Assumed Property	XXX			.0	XXX			.0	
31. Reinsurance - Nonproportional Assumed Liability	XXX			.0	XXX			.0	
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX			.0	XXX			.0	
33. Aggregate write-ins for other lines of business	.0	.0	.0	.0	.0	.0	.0	.0	.0
34. TOTALS	1,554,067,281	191,863,803	352,344,950	1,393,586,134	654,340,915	181,867,772	139,960,338	2,089,834,483	518,503,505
DETAILS OF WRITE-INS									
3301.									
3302.									
3303.									
3398. Summary of remaining write-ins for Line 33 from overflow page	.0	.0	.0	.0	.0	.0	.0	.0	.0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0	0	0	0	0

(a) Including \$ for present value of life indemnity claims.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	127,395,652			127,395,652
1.2 Reinsurance assumed	13,799,762			13,799,762
1.3 Reinsurance ceded	7,130,040			7,130,040
1.4 Net claim adjustment service (1.1 + 1.2 - 1.3)	134,065,374	0	0	134,065,374
2. Commission and brokerage:				
2.1 Direct excluding contingent		388,356,777		388,356,777
2.2 Reinsurance assumed excluding contingent		30,938,045		30,938,045
2.3 Reinsurance ceded excluding contingent		25,433,314		25,433,314
2.4 Contingent-direct		18,693,041		18,693,041
2.5 Contingent-reinsurance assumed		1,733,256		1,733,256
2.6 Contingent-reinsurance ceded				0
2.7 Policy and membership fees				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)	0	414,287,805	0	414,287,805
3. Allowances to managers and agents				0
4. Advertising	3,027	129,112	9	132,148
5. Boards, bureaus and associations	1,843,180	3,254,229	10,956	5,108,365
6. Surveys and underwriting reports	263,911	7,717,835	1	7,981,747
7. Audit of assureds' records	672,658	3,053,699	20,428	3,746,785
8. Salary and related items:				
8.1 Salaries	77,966,366	91,827,984	1,386,725	171,181,075
8.2 Payroll taxes	4,955,274	7,677,132	127,956	12,760,362
9. Employee relations and welfare	7,055,485	8,991,445	171,814	16,218,744
10. Insurance	1,013,768	1,262,817	19,189	2,295,774
11. Directors' fees				0
12. Travel and travel items	6,156,133	6,266,582	74,081	12,496,796
13. Rent and rent items	6,742,561	6,337,341	84,451	13,164,353
14. Equipment	9,325,467	13,848,634	217,559	23,391,660
15. Cost or depreciation of EDP equipment and software	13,518,104	13,565,130	224,210	27,307,444
16. Printing and stationery	1,782,136	2,024,177	33,741	3,840,054
17. Postage, telephone and telegraph, exchange and express	3,071,986	2,158,337	19,675	5,249,998
18. Legal and auditing	4,333,315	55,914	256,792	4,646,021
19. Totals (Lines 3 to 18)	138,703,371	168,170,368	2,647,587	309,521,326
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$		66,410,775		66,410,775
20.2 Insurance department licenses and fees	6,795	1,355,872		1,362,667
20.3 Gross guaranty association assessments	453	8,470,849		8,471,302
20.4 All other (excluding federal and foreign income and real estate)	214	2,142,787		2,143,001
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	7,462	78,380,283	0	78,387,745
21. Real estate expenses				0
22. Real estate taxes				0
23. Reimbursements by uninsured accident and health plans				0
24. Aggregate write-ins for miscellaneous expenses	0	117,718	43,296	161,014
25. Total expenses incurred	272,776,207	660,956,174	2,690,883	(a) 936,423,264
26. Less unpaid expenses - current year	518,503,505	73,705,048	134,891	592,343,444
27. Add unpaid expenses - prior year	465,548,348	66,000,803	83,037	531,632,188
28. Amounts receivable relating to uninsured accident and health plans, prior year	0	0	0	0
29. Amounts receivable relating to uninsured accident and health plans, current year				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	219,821,050	653,251,929	2,639,029	875,712,008
DETAILS OF WRITE-INS				
2401. Miscellaneous Expense		117,718		117,718
2402. Inter-Company Interest Expense			43,296	43,296
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above)	0	117,718	43,296	161,014

(a) Includes management fees of \$ paid to affiliates and \$ paid to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 17,910	17,910
1.1 Bonds exempt from U.S. tax	(a) 57,838,289	58,366,868
1.2 Other bonds (unaffiliated)	(a) 68,036,674	68,205,794
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b) 23,428,815	22,495,715
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		71,104,259
2.21 Common stocks of affiliates	70,278,595	
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash/short-term investments	(e) 512,598	525,598
7. Derivative instruments	(f)	
8. Other invested assets	1,053,071	1,054,217
9. Aggregate write-ins for investment income	875,172	875,172
10. Total gross investment income	222,041,125	222,645,533
11. Investment expenses		(g) 2,647,587
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h) 43,296
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		0
16. Total (Lines 11 through 15)		2,690,883
17. Net Investment Income - (Line 10 minus Line 16)		219,954,650
DETAILS OF WRITE-INS		
0901. Intercompany Interest Income	875,172	875,172
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	875,172	875,172
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

- (a) Includes \$ 472,696 accrual of discount less \$ 1,479,393 amortization of premium and less \$ paid for accrued interest on purchases.
- (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
- (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
- (e) Includes \$ accrual of discount less \$ 971 amortization of premium and less \$ paid for accrued interest on purchases.
- (f) Includes \$ accrual of discount less \$ amortization of premium.
- (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
- (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Increases (Decreases) by Adjustment	4 Net Gain (Loss) from Change in Difference Between Basis Book/ Adjusted Carrying and Admitted Values	5 Total
1. U.S. Government bonds					0
1.1 Bonds exempt from U.S. tax	(4,125,385)	0	(6,189,796)		(10,315,181)
1.2 Other bonds (unaffiliated)	(41,439,703)	0	(20,705,510)		(62,145,213)
1.3 Bonds of affiliates	0				0
2.1 Preferred stocks (unaffiliated)	(14,935,857)	0	(3,022,555)		(17,958,412)
2.11 Preferred stocks of affiliates					0
2.2 Common stocks (unaffiliated)	(1,633,333)	0	(363,277,183)		(364,910,516)
2.21 Common stocks of affiliates		0	25,469,715		25,469,715
3. Mortgage loans					0
4. Real estate					0
5. Contract loans					0
6. Cash/Short-term investments					0
7. Derivative instruments	1,768,946		0		1,768,946
8. Other invested assets			(77,693)		(77,693)
9. Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10. Total capital gains (losses)	(60,365,332)	0	(367,803,022)	0	(428,168,354)
DETAILS OF WRITE-INS					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0	0	0	0

EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS

	1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) Decrease
1. Summary of Items Page 2, Lines 10 to 17 and 19 to 23, Column 2	46,675,576	35,667,432	(11,008,144)
2. Other Nonadmitted Assets:			
2.1 Bills receivable		0	0
2.2 Furniture, equipment and supplies	28,255,350	32,813,983	4,558,633
2.3 Leasehold improvements		0	0
2.4 Loans on personal security, endorsed or not		0	0
3. Total (Lines 2.1 to 2.4)	28,255,350	32,813,983	4,558,633
4. Aggregate write-ins for other assets	678,739	18,104	(660,635)
5. Total (Line 1 plus Lines 3 and 4)	75,609,665	68,499,519	(7,110,146)
0401. Miscellaneous Receivables.....	678,739	18,104	(660,635)
0402.			
0403.			
0498. Summary of remaining write-ins for Line 4 from overflow page	0	0	0
0499. Totals (Lines 0401 thru 0403 plus 0498) (Line 4 above)	678,739	18,104	(660,635)

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies
 - A. Accounting Practices
The financial statements of the Cincinnati Insurance Company are presented on the basis of accounting practices prescribed or permitted by the Ohio Department of Insurance.
The Ohio Department of Insurance recognizes only statutory accounting practices prescribed or permitted by the state of Ohio for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Ohio Insurance Law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures* manual, version effective January 1, 2001, (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Ohio.
 - B. Use of Estimates in the Preparation of the Financial Statements
The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.
 - C. Accounting Policy
Premiums are earned over the terms of the related insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct business and are based on reports received from ceding companies for reinsurance. Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.
In addition, the company uses the following accounting policies:
 - (1) Short-term investments are stated at amortized cost.
 - (2) Bonds not backed by other loans are stated at amortized cost using the effective yield method.
 - (3) Common Stocks at market except that investments in stocks of uncombined subsidiaries and affiliates in which the Company has an interest of 20% or more are carried on the equity basis.
 - (4) Preferred stocks are stated at market.
 - (5) Not applicable
 - (6) Not applicable
 - (7) Not applicable
 - (8) The Company has minor ownership interest in partnerships. Alliance Capital Management Holding Limited Partnership is carried at the market value of the common stock.
 - (9) Not applicable
 - (10) Not applicable
 - (11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
2. Accounting Changes and Correction of Errors
 - A. The company had no material changes in accounting principles and/or correction of errors.
 - B. The company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Ohio. Effective January 1, 2001, the State of Ohio required that insurance companies domiciled in the State of Ohio prepare their statutory basis financial statements in accordance with the NAIC *Accounting Practices and Procedures* manual – Version effective January 1, 2001 subject to any deviations prescribed or permitted by the State of Ohio insurance commissioner. Accounting changes adopted to conform to the provisions of the NAIC *Accounting Practices and Procedures* manual – Version effective January 1, 2001 are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is reported as an adjustment to unassigned funds (surplus) in the period of the change in accounting principle. The cumulative effect is the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all prior periods. As a result of these changes, the Company reported a change of accounting principle, as an adjustment that decreased unassigned funds (surplus) of \$391,840,202 as of January 1, 2001. Included in this total adjustment is a reduction in unassigned funds of \$386,799,972 related to deferred tax liabilities and \$10,914,000 related to guaranty funds and other assessments. An increase in unassigned funds of \$5,873,770 is attributable to earned but unbilled premiums and related expenses.
3. Business Combinations and Goodwill
 - A. Not applicable
 - B. Not applicable
 - C. Not applicable
4. Discontinued Operations – Not applicable
5. Investments
 - A. Not applicable
 - B. Not applicable
 - C. Not applicable
 - D. Not applicable
 - E. Not applicable
6. Joint Ventures, Partnerships and Limited Liability Companies
 - A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.
 - B. The Company did not recognize any impairment write down for its investments in Joint Ventures, Partnerships and Limited Liability Companies during the statement periods.
7. Investment Income
 - (1) Due and accrued income was excluded from surplus of the following basis:
Bond interest 30 days past due
 - (2) The total amount excluded was \$162,670.
8. Derivative Instruments – The Company does not have investments in derivative instruments.
9. Income Taxes
 - A. The components of the net deferred tax asset/(liability) at December 31 are as follows:

	2001	2002
(1) Total of all deferred tax assets (admitted and non-admitted)	\$ 311,177,286	\$ 322,263,770
(2) Total of all deferred tax liabilities	\$ 693,460,544	\$ 570,285,121
(3) Total deferred tax assets non-admitted in accordance with SSAP No. 10 Income Taxes	0	0
(4) Total of all deferred tax assets	\$ 311,177,286	\$ 322,263,770
(5) Increase (decrease) in deferred tax assets non-admitted	0	0

- B. Deferred tax liabilities are not recognized for the following amounts:
 - (1) None
 - (2) As of December 31, the Company had no investments in foreign subsidiaries.

NOTES TO FINANCIAL STATEMENTS

C. The components of incurred income tax expense and the change in DTAs and DTLs are as follows:

Current income taxes incurred consists of the following major components:	2001	2002
Taxable Income	\$ 32,999,000	\$ 30,970,000
Under/(Over)Accrual	623,725	(4,081,757)
AMT Credit	(1,794,488)	(11,871,527)
Non-Qualified Stock Options	2,063,554	531,075
0199. Current Income Taxes Incurred	\$ 33,891,791	\$ 15,547,791

The main components of the 2002 deferred tax amounts are as follows:				
DTAs	Statutory	Tax	Difference	Tax Effect
Basis Difference in Investments	\$3,377,377,166	\$3,421,477,446	\$ 44,100,280	\$ 15,435,098
Unearned Premium Reserve	(1,244,638,729)	(995,710,983)	248,927,746	87,124,711
Loss Reserve Discounting	(2,681,938,988)	(2,257,937,844)	424,001,144	148,400,400
Non-Admitted Assets	0	75,609,665	75,609,665	26,463,383
Guaranty Fund Accrual	(10,485,611)	(338,619)	10,146,992	3,551,447
Section 481 for Acceleration of Expenses	0	17,877,790	17,877,790	6,257,227
IRS Audit Adjustments				24,257,958
All Other	(40,781,561)	(10,000,000)	30,781,561	10,773,546
0299. Total DTAs	(600,467,723)	250,977,455	851,445,178	322,263,770
0399. DTAs nonadmitted	0	0	0	0
DTLs	Statutory	Tax	Difference	Tax Effect
Unrealized Gains	\$4,832,333,508	\$3,377,377,166	\$1,454,956,340	\$509,234,720
Basis Difference in Fixed Assets	19,629,803	0	19,629,803	6,870,431
Ex-Dividend Accrual	8,925,356	0	8,925,356	3,123,875
Section 481 for UEP Change	0	(17,797,700)	17,797,700	6,229,195
Expenses Related to UEP Annualization	117,142,000	0	117,142,000	40,999,700
All Other	76,633,860	65,699,000	10,934,860	3,827,201
0499. Total DTLs	5,054,664,527	3,425,278,466	1,629,386,061	570,285,122

The changes in main components of DTAs and DTLs are as follows:			
DTAs resulting from book/tax differences in	2002	2001	Change
Basis Difference in Investments	\$ 15,435,098	\$ 5,265,120	\$ 10,169,978
Unearned Premium Reserve	87,124,711	72,159,533	14,965,178
Loss Reserve Discounting	148,400,400	133,150,895	15,249,505
Non-Admitted Assets	26,463,383	23,974,832	2,488,551
Guaranty Fund Accrual	3,551,447	2,909,886	641,561
Section 481 for Acceleration of Expenses	6,257,227	12,514,453	(6,257,226)
IRS Audit Adjustments	24,257,958	22,187,983	2,069,975
AMT	0	5,669,033	(5,669,033)
All Other	10,773,546	33,345,552	(22,572,006)
0599. Total DTAs	\$322,263,770	\$311,177,286	\$ 11,086,484
0699. DTAs nonadmitted	0	0	0
DTLs resulting from book/tax differences in	2002	2001	Change
Unrealized Gains	\$509,234,720	\$643,302,726	\$(134,068,006)
Basis Difference in Fixed Assets	6,870,431	0	6,870,431
Ex-Dividend Accrual	3,123,875	3,161,477	(37,602)
Section 481 for UEP Change	6,229,195	12,458,390	(6,229,195)
Expenses Related to UEP Annualization	40,999,700	33,441,450	7,558,250
All Other	3,827,201	1,096,501	2,730,700
0799. Total DTLs	\$570,285,122	\$693,460,544	\$(123,175,422)

D. Among the more significant book to tax adjustments were the following:

	Amount	Tax Effect
(1) Income before taxes	\$148,284,569	\$ 51,899,599
(2) Tax-exempt income	(88,887,737)	(31,110,708)
(3) Loss Reserve Discounting	50,086,188	17,530,166
(4) Salvage and Subrogation	(70,636,000)	(24,722,600)
(5) Policyholder Dividends	(6,800,000)	(2,380,000)
(6) Cut-off Premium Adjustment	3,600,000	1,260,000
(7) Basis Difference-Investments	29,057,081	10,169,978
(8) Section 481 for Acceleration of Expenses	(17,877,789)	(6,257,226)
(9) Section 481 for UEP Change	17,797,700	6,229,195
(10) Expenses Related to UEP Annualization	(21,595,000)	(7,558,250)
(11) City Tax Accrual	3,030,654	1,060,729
(12) Unearned Premium Reserve Haircut	42,361,798	14,826,629
(13) All Other	64,748	22,662
0399. Accrued deferred compensation	0	0
0499. Taxable Income	\$ 88,486,212	\$ 30,970,174

E.

- At December 31, 2002, the Company had no operating loss carry forwards originating in 2000 through 2002, which expire, if unused, in years 2003 through 2005.
- The following are income taxes incurred in the current and prior years that will be available for recoupment in the event of future net losses:

2002	\$15,547,791
2001	\$33,891,791
2000	\$(19,981,249)

NOTES TO FINANCIAL STATEMENTS

- F.
- (1) The Company's federal income tax return is consolidated with the following entities:
 The Cincinnati Indemnity Company
 The Cincinnati Casualty Company
 The Cincinnati Life Insurance Company
- (2) The method of allocation between the companies is subject to written agreement. Allocation is based upon separate return calculations with current credit for net losses. Intercompany tax balances are settled annually in the third quarter.
10. Information Concerning Parent, Subsidiaries and Affiliates
- A. All of the 717,271 outstanding shares of the Company are owned by the Parent Company, Cincinnati Financial Corporation.
- B. The Company paid common stock dividends to the Parent Company totaling \$100,000,000.
- C. Not applicable
- D. At December 31, 2002, the Company reported the following amounts payable:
 The Cincinnati Casualty Company (subsidiary) \$5,897,616
 The Cincinnati Indemnity Company (subsidiary) \$3,377,337
 The Cincinnati Life Insurance Company (subsidiary) \$832,103
 CFC Investment Company (affiliate) \$95,340
 At December 31, 2002, the Company reported the following amounts receivable:
 CinFin Capital Management Company (affiliate) \$143,957
 Cincinnati Financial Corporation (parent) \$678,254
 At December 31, 2002, the Company reported the following amounts due for reinsurance:
 The Cincinnati Casualty Company \$3,715,999
 The Cincinnati Indemnity Company \$3,156,460
 The terms of all the settlements require that these amounts be settled within 30 days.
 At December 31, 2002, the Company had recorded a note receivable from Cincinnati Financial Corporation, the Parent, for \$76,500,000, with an interest rate of 1.76% due March 31, 2003.
- E. Not applicable
- F. Not applicable
- G. All outstanding shares of The Company are owned by the Parent Company, Cincinnati Financial Corporation, a holding company domiciled in the State of Ohio.
- H. Not applicable
- I. Not applicable
- J. Not applicable
11. Debt
- A. Capital Notes – Not applicable
- B. All Other Debt – Not applicable
12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans
- A. Defined Benefit Plan
 The Cincinnati Insurance Company (CIC) is a wholly owned subsidiary of Cincinnati Financial Corporation which sponsors a defined benefit plan covering substantially all CIC employees.
 A summary of assets, obligations and assumptions of the pension are as follows at December 31, 2001:

	Pension Benefits 2002	Pension Benefits 2001
(1) Change in benefit obligation		
a. Benefit obligation at beginning of year	\$ 105,786,019	\$ 88,182,978
b. Service cost	7,097,430	5,837,259
c. Interest cost	7,865,004	6,847,308
d. Contribution by plan participants		
e. Actuarial gain (loss)	16,061,347	8,032,520
f. Foreign currency exchange rates		
g. Benefits paid	(4,065,497)	(3,298,023)
h. Plan amendments	0	183,977
i. Business combinations, divestitures, curtailments, settlements and special termination benefits		
j. Benefit obligation at end of year	\$ 132,744,303	\$ 105,786,019
(2) Change in plan assets		
a. Fair value of plan assets at beginning of year	\$ 146,992,460	\$ 160,439,764
b. Actual return on plan assets	(18,800,920)	(10,149,281)
c. Foreign currency exchange rates		
d. Employer contribution		
e. Plan participants' contributions		
f. Benefits paid	(4,065,497)	(3,298,023)
g. Business combinations, divestitures and settlements		
h. Fair value of plan assets at end of year	\$ 124,126,043	\$ 146,992,460
(3) Fund status		
a. Unamortized prior service cost	\$ 8,105,361	\$ 8,721,498
b. Unrecognized net gain or (loss)	7,367,767	(42,990,792)
c. Remaining net obligation or net asset at initial date of application	(8,618,260)	41,206,441
d. Prepaid assets or accrued liabilities	5,003,885	4,715,968
e. Intangible asset		
(4) Benefit obligation for non vested employees	\$ 3,132,269	\$ 3,557,492
(5) Components of net periodic benefit cost		
a. Service cost	\$ 7,097,430	\$ 5,837,259
b. Interest cost	7,865,004	6,847,308
c. Expected return on plan assets	(12,954,445)	(12,015,410)
d. Amortization of unrecognized transition obligation or transition asset	(370,196)	(370,196)
e. Amount of recognized gains and losses	(2,475,362)	(2,975,556)
f. Amount of prior service cost recognized	549,652	542,706
g. Amount of gain or loss recognized due to a settlement or curtailment		
h. Total net periodic benefit cost	\$ (287,917)	\$ (2,133,889)
(6) None.		
(7) Weighted-average assumptions as of December 31		
a. Discount rate	6.50%	7.25%
b. Rate of compensation increase	5.00% – 7.00%	5.00% – 7.00%
c. Expected long-term rate of return on plan assets	8.00%	8.00%

NOTES TO FINANCIAL STATEMENTS

- B. Defined Contribution Plans – Not applicable
 - C. Multiemployer Plans – Not applicable
 - D. Consolidated/Holding Company Plans – Not applicable
 - E. Postemployment Benefits and Compensated Absences – Not applicable
13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations
- (1) The Company has 1,000,000 shares authorized, 717,271 shares issued and 717,271 shares outstanding. All shares are Class A shares.
 - (2) The Company has no preferred stock outstanding.
 - (3) Without prior approval of its domiciliary commissioner, dividends to shareholders are limited by the laws of The Company's state of incorporation, Ohio, to \$253,025,084, an amount that is based on restrictions relating to statutory surplus. Dividends paid in 2002 amounted to \$100,000,000.
 - (4) Within the limitations of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
 - (5) There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.
 - (6) Not applicable
 - (7) Not applicable
 - (8) Not applicable
 - (9) The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

a. unrealized gains and losses:	(\$367,803,021)
b. nonadmitted asset values:	(\$7,110,146)
c. separate account business	\$ 0
d. asset valuation reserves	\$ 0
e. provision for reinsurance:	\$ 0

- (10) Not applicable
 - (11) Not applicable
 - (12) Not applicable
14. Contingencies
- A. The Company is not aware of any material liabilities as of year-end.
 - B. The Company is not aware of any material assessments as of year-end.
 - C. The Company does not have any gain contingencies.
 - D. Various lawsuits against the Company have arisen in the course of the Company's business. Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company.
15. Leases – The Company does not have material lease obligations at this time.
16. Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk – Not applicable
17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities – Not applicable
18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans – Not applicable
19. The Company does not have any direct premiums written through managing general agents or third party administrators.
20. Other Items
- A. Not applicable
 - B. Not applicable
 - C. The Company recorded an adjustment to premiums to refine our process for matching written and earned premiums to policy effective dates. The increase to premium written was \$117 million, and \$15 million was added to earned premium.
 - D. Not applicable
 - E. Not applicable
 - F. Not applicable
 - G. Not applicable
 - H. Not applicable
 - I. September 11 Events – Reserves at December 31, 2002:

(1)

	Direct	Assumed	Total
Property	\$ 49,148	\$ 4,850,000	\$ 4,899,148
Aircraft	\$ 0	\$ 3,925,000	\$ 3,925,000
Total	\$ 49,148	\$ 8,775,000	\$ 8,824,148

- (2) None
 - (3) None
 - (4) None
 - J. Not applicable
 - K. Not applicable
 - L. Not applicable
 - M. Not applicable
 - N. Not applicable
21. Events Subsequent – NONE
22. Reinsurance
- A. The Company does not have an unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premium with any individual reinsurers, authorized or unauthorized, that exceeds 3% of the Company's policyholder surplus, except for our exposure as the direct underwriter of the aircraft pool administered by the United States Aviation Insurance Group (USAIG). The total recoverable exceeds 3%, but our net liability in this program is \$19 million.
 - B. Reinsurance Recoverable in Dispute – NONE
 - C. Reinsurance Assumed and Ceded

(1)

	Assumed Reinsurance		Ceded Reinsurance		NET	
	Premium	Commission	Premium	Commission	Premium	Commission
	Reserve	Equity	Reserve	Equity	Reserve	Equity
(i) Affiliates	\$97,346,453	\$7,173,798	\$ 0	\$ 0	\$97,346,453	\$7,173,798
(ii) All Other	\$25,871,756	\$5,351,182	\$ 47,120,476	\$3,429,962	(\$21,248,720)	\$1,921,220
(iii) Total	\$123,218,209	\$12,524,980	\$ 47,120,476	\$3,429,962	\$76,097,733	\$9,095,018
(iv) Direct Unearned Premium Reserve			\$1,168,540,996			

(2)

REINSURANCE				
	Direct	Assumed	Ceded	Net
(i) Contingent Comm	\$20,000,000	\$ 2,000,000	\$ 0	\$22,000,000
(ii) Sliding Scale Adj.				
(iii) Other Profit Comm Arrangements				
(iv) Total	\$20,000,000	\$ 2,000,000	\$ 0	\$22,000,000

- D. Uncollectible Reinsurance – NONE
 - E. Commutation of Ceded Reinsurance – NONE
 - F. Retroactive Reinsurance – NONE
23. Retrospectively Rates Contracts
- A. The Company estimates accrued retrospective premium adjustments through the review of the one retrospectively rated risk it has, recomputing new loss ratios on open policy years and comparing them with the factors used to develop the policy contract to arrive at the best estimate of return or additional retrospective premium.

NOTES TO FINANCIAL STATEMENTS

- B. The Company records accrued retrospective premium as an adjustment to earned premium.
- C. See Schedule P – Part 7A.
- D. Ten percent of the amount of accrued retrospective premiums not offset by retrospective return premiums, other liabilities to the same party (other than loss and loss adjustment expense reserves), or collateral as permitted by SSAP No. 66, Retrospectively Rated Contracts, has been nonadmitted.

a. Total accrued retro premium	\$3,815,360
b. Unsecured amount	\$0
c. Less: Nonadmitted amount (10%)	\$381,536
d. Less: Nonadmitted for any person for whom agents' balances or uncollected premiums are nonadmitted	\$0
e. Admitted amount	\$3,433,824

- 24. Reserves for incurred losses and loss adjustment expenses attributable to insured events of prior years has increased by \$92,599,109 from \$1,423,248,215 in 2001 to \$1,515,847,324 in 2002 as a result of re-estimation of unpaid losses and loss adjustment expenses. An actuarial review indicated that an adjustment was needed to increase IBNR, principally on other liability, commercial umbrella, workers' comp, commercial multi-peril, and homeowners' lines of insurance. The Company is also recognizing a Salvage and Subrogation recoverable in the financials, which is noted on Schedule P Part 1, Column 23. This overall increase in reserves is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims.
- 25. Intercompany pooling Arrangements – NONE
- 26. Structured Settlements
 - A. Loss Reserves Eliminated by Annuities \$136,205,954
Unrecorded Loss Contingencies – NONE
 - B.

Life Insurance Company and Location	Licensed in Ohio (Yes/No)	Statement (Present) Value of Annuities
The Cincinnati Life Insurance Company, Fairfield, Ohio	Yes	\$133,585,317

- 27. As of December 31, 2002, the amount of reserve credit recorded for high deductibles on unpaid claims was \$1,150,00 and the amount billed and recoverable on paid claims is \$1,150,000.
- 28. The Company does not discount unpaid losses or loss adjustment expenses.
- 29. Yes, the Company has exposure to environmental claims. The Company's exposure arises from the sale of commercial liability products. The Company tries to estimate the full impact of the environmental exposures by establishing full case basis reserves on all known losses and computing IBNR based on generally accepted actuarial methodologies. Ceded amounts are related to Company business only.

ASBESTOS LOSSES	2002	2001	2000	1999	1998
Direct					
Beginning Reserves	\$52,626,499	\$54,725,201	\$27,186,891	\$28,639,361	\$26,078,799
Incurred Loss & LAE	\$7,640,073	\$1,112,710	\$29,394,525	(\$637,081)	\$3,426,891
Calendar Yr. Pymnts for Loss and LAE	\$6,219,821	\$3,211,412	\$1,856,215	\$815,389	\$866,329
Ending Reserves	\$54,046,751	\$52,626,499	\$54,725,201	\$27,186,891	\$28,639,361
Company Net					
Beginning Reserves	\$41,500,295	\$46,443,661	\$21,372,323	\$22,824,793	\$23,285,384
Incurred Loss & LAE	(\$1,357,313)	(\$1,731,954)	\$26,927,553	(\$637,081)	\$405,738
Calendar Yr. Pymnts for Loss and LAE	\$6,219,821	\$3,211,412	\$1,856,215	\$815,389	\$866,329
Ending Reserves	\$33,923,161	\$41,500,295	\$46,443,661	\$21,372,323	\$22,824,793
IBNR Reserves					
Direct	\$13,235,307	\$16,294,271	\$17,369,520	\$7,896,000	\$4,269,000
Company Net	\$13,235,307	\$16,294,271	\$17,369,520	\$7,896,000	\$4,269,000
LAE Reserves					
Direct	\$10,646,693	\$20,254,729	\$23,986,480	\$10,904,000	\$15,157,000
Company Net	\$10,646,693	\$20,254,729	\$23,986,480	\$10,904,000	\$15,157,000
ENVIRONMENTAL LOSSES	2002	2001	2000	1999	1998
Direct					
Beginning Reserves	\$21,271,211	\$15,918,408	\$31,220,287	\$35,379,687	\$36,516,097
Incurred Loss & LAE	\$21,703,828	\$8,567,845	(\$8,339,341)	(\$2,081,807)	\$392,320
Calendar Yr. Pymnts for Loss and LAE	\$6,016,996	\$3,215,042	\$4,830,944	\$2,077,593	\$1,528,730
Ending Reserves	\$36,958,043	\$21,271,211	\$15,918,408	\$31,220,287	\$35,379,687
Company Net					
Beginning Reserves	\$21,201,211	\$15,848,408	\$31,150,287	\$34,929,687	\$34,309,512
Incurred Loss & LAE	\$21,703,828	\$8,567,845	(\$8,339,341)	(\$1,701,807)	\$2,148,905
Calendar Yr. Pymnts for Loss and LAE	\$6,016,996	\$3,215,042	\$4,830,944	\$2,077,593	\$1,528,730
Ending Reserves	\$36,888,043	\$21,201,211	\$15,848,408	\$31,150,287	\$34,929,687
IBNR Reserves					
Direct	\$16,126,685	\$8,562,676	\$5,566,360	\$15,142,000	\$19,586,000
Company Net	\$16,126,685	\$8,562,676	\$5,566,360	\$15,142,000	\$19,586,000
LAE Reserves					
Direct	\$7,085,315	\$3,449,324	\$2,741,640	\$7,458,000	\$7,614,000
Company Net	\$7,085,315	\$3,449,324	\$2,741,640	\$7,458,000	\$7,614,000

- 30. Subscriber Savings Accounts – Not applicable
- 31. Financial Guaranty Insurance Exposures – NONE
- 32. Other

NOTES TO FINANCIAL STATEMENTS

Total Net Losses and Expenses Unpaid – AY's 1992 & Prior

(000's)	1985 & P	1986	1987	1988	1989	1990	1991	1992
Part 1A				41		87	23	33
Part 1B	327	26	56	17	73	114	268	64
Part 1C	579	242		300	520	398	167	435
Part 1D	6,616	3,611	4,720	4,835	5,240	6,996	8,670	11,771
Part 1E	277	317	1,126	368	783	795	1,289	1,100
Part 1F	119	59	62	110	126	219	204	213
Part 1G	1	1		7	4	19	15	22
Part 1H	28,399	1,608	2,371	1,002	1,153	1,473	2,080	2,495
Part 1I	7				7	1		5
Part 1J	722	8			(2)	2	(2)	(7)
Part 1K	(5)		3	1	(1)	(14)	5	3
Part 1R	2,981	161	724	565	465	393	329	357
Totals	40,023	6,033	9,062	7,246	8,368	10,483	13,048	16,491
								110,754

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. Treasury securities	250,434	0.005	250,434	0.005
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies		0.000		0.000
1.22 Issued by U.S. government sponsored agencies		0.000		0.000
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)		0.000		0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations	15,512,608	0.284	15,512,608	0.284
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	362,465,114	6.639	362,465,114	6.639
1.43 Revenue and assessment obligations	602,450,195	11.035	602,450,195	11.035
1.44 Industrial development and similar obligations		0.000		0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA		0.000		0.000
1.512 Issued by FNMA and FHLMC		0.000		0.000
1.513 Privately issued	10,021,872	0.184	10,021,872	0.184
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC		0.000		0.000
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC		0.000		0.000
1.523 All other privately issued		0.000		0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	829,328,838	15.190	829,328,838	15.190
2.2 Unaffiliated foreign securities		0.000		0.000
2.3 Affiliated securities		0.000		0.000
3. Equity interests:				
3.1 Investments in mutual funds		0.000		0.000
3.2 Preferred stocks:				
3.21 Affiliated		0.000		0.000
3.22 Unaffiliated	299,603,523	5.488	299,603,523	5.488
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated		0.000		0.000
3.32 Unaffiliated	2,566,386,830	47.007	2,566,386,830	47.007
3.4 Other equity securities:				
3.41 Affiliated	695,130,146	12.732	695,130,146	12.732
3.42 Unaffiliated		0.000		0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated		0.000		0.000
3.52 Unaffiliated		0.000		0.000
4. Mortgage loans:				
4.1 Construction and land development		0.000		0.000
4.2 Agricultural		0.000		0.000
4.3 Single family residential properties		0.000		0.000
4.4 Multifamily residential properties		0.000		0.000
4.5 Commercial loans		0.000		0.000
5. Real estate investments:				
5.1 Property occupied by the company		0.000	0	0.000
5.2 Property held for the production of income (includes \$ of property acquired in satisfaction of debt)		0.000	0	0.000
5.3 Property held for sale (\$ including property acquired in satisfaction of debt)		0.000	0	0.000
6. Policy loans		0.000		0.000
7. Receivables for securities	7,027,909	0.129	7,027,909	0.129
8. Cash and short-term investments	59,298,383	1.086	59,298,383	1.086
9. Other invested assets	12,152,196	0.223	12,152,196	0.223
10. Total invested assets	5,459,628,048	100.000	5,459,628,048	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [] No []
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [] No [] NA []
- 1.3 State Regulating? OHIO.....
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No []
- 2.2 If yes, date of change:
 If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.12/31/1998
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.12/31/1998
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).08/23/2000
- 3.4 By what department or departments? Ohio, Delaware, and Mississippi
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [] No []
- 4.12 renewals? Yes [] No []
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [] No []
- 4.22 renewals? Yes [] No []
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No []
- 5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....
.....

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes [] No []
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No []
- 7.2 If yes,
- 7.21 State the percentage of foreign control;
- 7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney in fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity
.....
.....

GENERAL INTERROGATORIES

(continued)

- 8. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Deloitte & Touche Suite 1900, 250 East 5th Street, PO Box 5340 Cincinnati, Ohio 45201-5340.....
- 9. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Susan Pino, Deloitte & Touche LLP, 1750 Tysons Boulevard Mclean, VA 22102-4219.....
- 10. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 10.1 What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?
- 10.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [X] No []
- 10.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No [X]
- 10.4 If answer to (10.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] NA [X]

BOARD OF DIRECTORS

- 11. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes [X] No []
- 12. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes [X] No []
- 13. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or likely to conflict with the official duties of such person?. Yes [X] No []

FINANCIAL

- 14.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
 - 14.11 To directors or other officers .. \$.....
 - 14.12 To stockholders not officers ... \$.....
 - 14.13 Trustees, supreme or grand (Fraternal only) \$.....
- 14.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
 - 14.21 To directors or other officers ... \$.....
 - 14.22 To stockholders not officers \$.....
 - 14.23 Trustees, supreme or grand (Fraternal only) \$.....
- 15.1 Were any of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement? Yes [] No [X]
- 15.2 If yes, state the amount thereof at December 31 of the current year:
 - 15.21 Rented from others \$.....
 - 15.22 Borrowed from others \$.....
 - 15.23 Leased from others \$.....
 - 15.24 Other \$.....

Disclose in Notes to Financial Statements the nature of each of these obligations.
- 16.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]
- 16.2 If answer is yes,
 - 16.21 Amount paid as losses or risk adjustment \$.....
 - 16.22 Amount paid as expenses \$.....
 - 16.23 Other amounts paid \$.....

GENERAL INTERROGATORIES

(continued)
INVESTMENT

17. List the following capital stock information for the reporting entity:

Class	1	2	3	4	5		6	
	Number of Shares Authorized	Number of Shares Outstanding	Par Value Per Share	Redemption Price if Callable	Is Dividend Rate Limited?		Are Dividends Cumulative?	
					Yes	No	Yes	No
Preferred					[]	[X]	[]	[X]
Common	1,000,000	717,271	5.000	XXX	XXX	XXX	XXX	XXX

18.1. Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 2 - Special Deposits? Yes [X] No []

18.2 If no, give full and complete information relating thereto:

19.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on the Schedule E - Part 2 - Special Deposits; or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 15.1) Yes [] No [X]

19.2 If yes, state the amount thereof at December 31 of the current year:

19.21	Loaned to others	\$
19.22	Subject to repurchase agreements	\$
19.23	Subject to reverse repurchase agreements	\$
19.24	Subject to dollar repurchase agreements	\$
19.25	Subject to reverse dollar repurchase agreements	\$
19.26	Pledged as collateral	\$
19.27	Placed under option agreements	\$
19.28	Letter stock or other securities restricted as to sale	\$
19.29	Other	\$

19.3 For each category above, if any of these assets are held by others, identify by whom held:

19.31	19.35
19.32	19.36
19.33	19.37
19.34	19.38
	19.39

For categories (19.21) and (19.23) above, and for any other securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

19.4 For category (19.28) provide the following:

1	2	3
Nature of Restriction	Description	Amount
.....
.....

20.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]

20.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] NA []
If no, attach a description with this statement.

21.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [X] No []

21.2. If yes, state the amount thereof at December 31 of the current year. \$81,756,916

22. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1-General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No []

22.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1	2
Name of Custodian(s)	Custodian's Address
Fifth Third Bank.....	Fifth Third Center, Cincinnati, Ohio 45263.....
.....

GENERAL INTERROGATORIES

(continued)
INVESTMENT

22.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

22.03 Have there been any changes, including name changes, in the custodian(s) identified in 22.01 during the current year?..... Yes [] No []

22.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

22.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address

OTHER

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?..... \$6,403,449

23.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
	\$
	\$
	\$

24.1 Amount of payments for legal expenses, if any?..... \$3,674,038

24.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
	\$
	\$

25.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$34,764

25.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
Ohio Insurance Institute.....	\$22,300

GENERAL INTERROGATORIES

(continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]
- 1.2 If yes, indicate premium earned on U. S. business only \$
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$
- 1.31 Reason for excluding

- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$
- 1.5 Indicate total incurred claims on all Medicare Supplement Insurance. \$
- 1.6 Individual policies:
- Most current three years:
- 1.61 Total premium earned \$0
- 1.62 Total incurred claims \$0
- 1.63 Number of covered lives \$0
- All years prior to most current three years:
- 1.64 Total premium earned \$0
- 1.65 Total incurred claims \$0
- 1.66 Number of covered lives \$0
- 1.7 Group policies:
- Most current three years:
- 1.71 Total premium earned \$0
- 1.72 Total incurred claims \$0
- 1.73 Number of covered lives \$0
- All years prior to most current three years:
- 1.74 Total premium earned \$0
- 1.75 Total incurred claims \$0
- 1.76 Number of covered lives \$0
- 2.1 Does the reporting entity issue both participating and non-participating policies? Yes [X] No []
- 2.2 If yes, state the amount of calendar year net premiums written on:
- 2.21 Participating policies \$294,902,232
- 2.22 Non-participating policies \$2,317,839,655
3. For Mutual Reporting Entities and Reciprocal Exchanges Only:
- 3.1 Does the reporting entity issue assessable policies? Yes [] No [X]
- 3.2 Does the reporting entity issue non-assessable policies? Yes [] No [X]
- 3.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? %
- 3.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums? \$
4. For Reciprocal Exchanges Only:
- 4.1 Does the Exchange appoint local agents? Yes [] No [X]
- 4.2 If yes, is the commission paid:
- 4.21 Out of Attorney's-in-fact compensation Yes [] No [] NA [X]
- 4.22 As a direct expense of the Exchange Yes [] No [] NA [X]
- 4.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?

- 4.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? Yes [] No [X]
- 4.5 If yes, give full information

- 5.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?
 Protection is provided through several excess reinsurance contracts for workers compensation coverage.....
- 5.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process.
 The company has engaged outside consultants to model potential maximum insurance loss.....
- 5.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?.....
 The company has a catastrophic reinsurance program.....
- 5.4 Does the reporting entity carry catastrophe reinsurance protection, with provision for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [X] No []
- 5.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss.

- 6.1 Has this reporting entity reinsured any risk with any other entity under a quota share reinsurance contract which includes a provision which would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss ratio cap, an aggregate limit or any similar provision)? Yes [X] No []
- 6.2 If yes, indicate the number of reinsurance contracts containing such provisions: 2

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES (continued)

- 7.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured?..... Yes [] No [X]
- 7.2 If yes, give full information
8. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done?..... Yes [X] No [] NA []
- 9.1 Has this reporting entity guaranteed policies issued by any other entity and now in force?..... Yes [] No [X]
- 9.2 If yes, give full information
- 10.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 10.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:
- 10.11 Unpaid losses..... \$ 7,695,682
- 10.12 Unpaid underwriting expenses (including loss adjustment expenses)..... \$ 795,000
- 10.2 Of the amount on Line 10.3 of the assets schedule, Page 2, state the amount which is secured by letters of credit, collateral and other funds..... \$
- 10.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation are premium or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [] No [X] NA []
- 10.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- 10.41 From..... %
- 10.42 To..... %
- 10.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium or promissory notes taken by the reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies?..... Yes [] No [X]
- 10.6 If yes, state the amount thereof at December 31 of the current year:
- 10.61 Letters of credit..... \$
- 10.62 Collateral and other funds..... \$
- 11.1 What amount of installment notes is owned and now held by the reporting entity?..... \$
- 11.2 Have any of these notes been hypothecated, sold or used in any manner as security for money loaned within the past year?..... Yes [] No [X]
- 11.3 If yes, what amount?..... \$
- 12.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation):..... \$ 3,200,000
- 12.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [X] No []
- 12.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of this amount 2
- 13.1 Has this reporting entity guaranteed any financed premium accounts?..... Yes [] No [X]
- 13.2 If yes, give full information
- 14.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
- 14.11 Name of real estate holding company
- 14.12 Number of parcels involved
- 14.13 Total book/adjusted carrying value \$
- 14.2 If yes, provide explanation:
- 15.1 Does the reporting entity write any warranty business? Yes [] No [X]
- If yes, disclose the following information for each of the following types of warranty coverage:

	1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
15.11 Home	\$	\$	\$	\$	\$
15.12 Products	\$	\$	\$	\$	\$
15.13 Automobile	\$	\$	\$	\$	\$
15.14 Other*	\$	\$	\$	\$	\$

* Disclose type of coverage:

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE THE CINCINNATI INSURANCE COMPANY

FIVE-YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e. 17.6.

	1 2002	2 2001	3 2000	4 1999	5 1998
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	1,291,858,411	1,245,923,570	862,150,166	764,330,278	725,006,579
2. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	477,093,064	475,794,187	350,808,217	331,844,229	303,270,436
3. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	1,165,860,767	1,014,688,858	747,205,836	659,605,250	610,091,742
4. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	27,330,023	22,253,595	19,443,983	18,713,664	17,963,120
5. Non-proportional Reinsurance Lines (Lines 30, 31 & 32)	0	0	0	0	0
6. Total (Line 34)	2,962,142,265	2,758,660,210	1,979,608,202	1,774,493,421	1,656,331,877
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	1,204,273,761	1,190,472,859	833,641,038	732,128,586	689,901,662
8. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	462,712,593	463,949,835	343,823,349	323,602,049	294,847,499
9. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	921,489,991	916,965,990	686,670,242	608,941,167	557,539,351
10. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	24,265,554	19,418,235	16,977,357	16,140,414	15,291,924
11. Non-proportional Reinsurance Lines (Lines 30, 31 & 32)	0	0	0	0	0
12. Total (Line 34)	2,612,741,899	2,590,806,919	1,881,111,986	1,680,812,216	1,557,580,436
Statement of Income (Page 4)					
13. Net Underwriting Gain (Loss) (Line 8)	(12,791,453)	(91,371,327)	(225,298,469)	(6,214,652)	(59,556,752)
14. Net Investment Gain (Loss) (Line 11)	159,589,318	216,225,746	250,117,379	254,186,483	261,017,490
15. Total Other Income (Line 15)	7,051,619	2,985,555	2,074,816	2,173,176	3,924,757
16. Dividends to Policyholders (Line 17)	5,564,889	16,076,348	18,192,206	6,332,260	8,905,400
17. Federal and Foreign Income Taxes Incurred (Line 19)	15,547,791	33,891,791	(19,981,248)	38,575,169	56,846,578
18. Net Income (Line 20)	132,736,804	77,871,835	28,682,768	205,237,578	139,633,517
Balance Sheet Lines (Pages 2 and 3)					
19. Total Admitted Assets excluding Protected Cell (Page 2, Line 26, Col. 3)	6,648,219,840	6,808,853,387	6,043,463,378	5,403,106,089	5,460,849,721
20. Agents' Balances or Uncollected Premiums (Page 2, Col. 3)					
20.1 In Course of Collection (Line 10.1)	932,766,696	718,772,449	219,935,125	162,368,711	125,661,741
20.2 Deferred and not yet due (Line 10.2)	22,056,735	6,291,793	0	0	0
20.3 Accrued Retrospective Premiums (Line 10.3)	381,536	853,442	0	0	0
21. Total Liabilities excluding Protected Cell (Page 3, Line 24)	4,311,115,269	4,278,602,548	2,874,639,352	2,554,260,192	2,443,950,574
22. Losses (Page 3, Lines 1 and 2)	2,113,735,671	1,906,805,024	1,751,565,967	1,529,575,799	1,435,386,081
23. Loss Adjustment Expenses (Page 3, Line 3)	518,503,505	465,548,348	452,087,846	418,634,434	408,112,838
24. Unearned premiums (Page 3, Line 9)	1,269,570,141	1,032,830,501	506,966,345	454,843,682	432,435,569
25. Capital Paid Up (Page 3, Lines 28 & 29)	3,586,355	3,586,355	3,586,355	3,586,355	3,586,355
26. Surplus as Regards Policyholders (Page 3, Line 35)	2,337,104,571	2,530,250,841	3,168,824,026	2,848,845,897	3,016,899,147
Risk-Based Capital Analysis					
27. Total Adjusted Capital	2,348,802,600	2,606,602,460	3,260,368,875	2,922,662,189	3,105,928,641
28. Authorized Control Level Risk-Based Capital	513,813,958	513,077,611	511,755,951	451,999,632	453,536,033
Percentage Distribution of Cash and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 9, Col. 3) x 100.0					
29. Bonds (Line 1)	33.3	30.7	28.0	29.6	28.5
30. Stocks (Lines 2.1 & 2.2)	65.2	68.1	70.2	69.1	69.6
31. Mortgage Loans on Real Estate (Lines 3.1 and 3.2)	0.0	0.0	0.0	0.0	0.0
32. Real Estate (Lines 4.1, 4.2 & 4.3)	0.0	0.0	0.0	0.0	0.0
33. Cash and Short-Term Investments (Line 5)	1.1	0.8	0.7	1.2	1.7
34. Other Invested Assets (Line 6)	0.2	0.2	0.1	0.1	0.1
35. Receivable for Securities (Line 7)	0.1	0.1	1.1	0.0	0.0
36. Aggregate Write-Ins for Invested Assets (Line 8)	0.0	0.0	0.0	0.0	0.0
37. Cash and Invested Assets (Line 9)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
38. Affiliated Bonds (Schedule D, Summary, Line 25, Col. 1)	0	0	0	0	0
39. Affiliated Preferred Stocks (Schedule D, Summary, Line 39, Col. 1)	0	0	0	0	0
40. Affiliated Common Stocks (Schedule D, Summary, Line 53, Col. 2)	695,130,146	669,660,431	737,481,441	653,028,082	661,008,984
41. Affiliated Short-Term Investments (subtotals included in Schedule DA, Part 2, Col. 5, Line 11)	0	0	0	0	0
42. Affiliated Mortgage Loans on Real Estate	0	0	0	0	0
43. All Other Affiliated	0	0	0	0	0
44. Total of above Lines 38 to 43	695,130,146	669,660,431	737,481,441	653,028,082	661,008,984
45. Percentage of Investments in Parent, Subsidiaries and Affiliates to Surplus as Regards Policyholders (Line 44 above divided by Page 3, Col. 1, Line 35 x 100.0)	29.7	26.5	23.3	22.9	21.9

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2002	2 2001	3 2000	4 1999	5 1998
Capital and Surplus Accounts (Page 4)					
46. Net Unrealized Capital Gains (Losses) (Line 23)	(355,650,827)	(228,435,310)	391,678,879	(143,837,374)	468,294,760
47. Dividends to Stockholders (Line 34)	(100,000,000)	(100,000,000)	(100,000,000)	(175,000,000)	(75,000,000)
48. Change in surplus as regards policyholders for the year (Line 37)	(193,146,262)	(638,573,186)	319,978,128	(168,053,245)	547,486,936
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
49. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	595,162,361	560,257,949	485,235,534	419,375,732	416,623,440
50. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	205,592,989	200,026,637	187,406,262	166,924,861	171,322,556
51. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	520,660,503	584,226,497	454,314,482	387,263,605	389,083,321
52. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	7,373,007	2,826,417	2,452,888	3,040,507	5,797,288
53. Non-Proportional Reinsurance Lines (Lines 30, 31 & 32)	0	0	0	0	0
54. Total (Line 34)	1,328,788,860	1,347,337,500	1,129,409,166	976,604,705	982,826,605
Net Losses Paid (Page 9, Part 2, Col. 4)					
55. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	582,108,957	531,264,218	465,443,752	406,685,574	402,428,820
56. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	203,941,781	198,136,279	187,494,208	166,890,291	171,322,556
57. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	474,540,526	492,481,816	428,586,907	368,164,994	371,850,221
58. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	7,785,798	2,989,641	2,597,217	(735,853)	6,022,468
59. Non-Proportional Reinsurance Lines (Lines 30, 31 & 32)	0	0	0	0	0
60. Total (Line 34)	1,268,377,062	1,224,871,954	1,084,122,084	941,005,006	951,624,065
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
61. Premiums Earned (Line 1)	100.0	100.0	100.0	100.0	100.0
62. Losses Incurred (Line 2)	61.5	66.8	71.1	61.6	65.4
63. Loss Expenses Incurred (Line 3)	11.4	10.1	11.3	10.0	9.3
64. Other Underwriting Expenses Incurred (Line 4)	27.6	27.5	29.9	28.8	29.2
65. Net Underwriting gain (loss) (Line 8)	(0.5)	(4.4)	(12.3)	(0.4)	(3.9)
Other Percentages					
66. Other Underwriting Expenses to Net Premiums Written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 34 x 100.0)	25.0	21.8	28.9	28.3	28.7
67. Losses and Loss Expenses Incurred to Premiums Earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	72.9	77.0	82.4	71.6	74.7
68. Net Premiums Written to Policyholders' Surplus (Page 8, Part 1B, Col. 6, Line 34 divided by Page 3, Line 35, Col. 1 x 100.0)	111.8	102.4	59.4	59.0	51.6
One Year Loss Development (000 omitted)					
69. Development in Estimated Losses and Loss Expenses Incurred Prior to Current Year (Schedule P - Part 2 - Summary, Line 12, Col. 11)	(25,312)	(37,946)	9,888	(59,748)	(117,804)
70. Percent of Development of Loss and Loss Expenses Incurred to Policyholders' Surplus of Previous Year End (Line 69 above divided by Page 4, Line 21, Col. 1 x 100.0)	(1.0)	(1.2)	0.3	(2.0)	(4.8)
Two Year Loss Development (000 omitted)					
71. Development in Estimated Losses and Loss Expenses Incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12)	(79,682)	(67,170)	(59,862)	(169,997)	(188,782)
72. Percent of Development of Loss and Loss Expenses Incurred to Reported Policyholders' Surplus of Second Previous Year End (Line 71 above divided by Page 4, Line 21, Col. 2 x 100.0)	(2.5)	(2.4)	(2.0)	(6.9)	(11.9)

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description	1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS				
Governments (Including all obligations guaranteed by governments)	1. United States 250,434 2. Canada 0 3. Other Countries 0 4. Totals 250,434	273,438 0 0 273,438	251,914 0 0 251,914	250,000 0 0 250,000
States, Territories and Possessions (Direct and guaranteed)	5. United States 15,512,608 6. Canada 0 7. Other Countries 0 8. Totals 15,512,608	16,496,734 0 0 16,496,734	15,520,490 0 0 15,520,490	15,540,000 0 0 15,540,000
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States 362,465,114 10. Canada 0 11. Other Countries 0 12. Totals 362,465,114	385,086,182 0 0 385,086,182	362,278,802 0 0 362,278,802	363,361,000 0 0 363,361,000
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States 602,450,195 14. Canada 0 15. Other Countries 0 16. Totals 602,450,195	637,931,303 0 0 637,931,303	617,053,143 0 0 617,053,143	622,725,686 0 0 622,725,686
Public Utilities (unaffiliated)	17. United States 66,844,386 18. Canada 0 19. Other Countries 0 20. Totals 66,844,386	66,280,366 0 0 66,280,366	73,512,226 0 0 73,512,226	77,508,880 0 0 77,508,880
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States 772,506,324 22. Canada 0 23. Other Countries 0 24. Totals 772,506,324	818,617,324 0 0 818,617,324	813,021,802 0 0 813,021,802	824,893,018 0 0 824,893,018
Parent, Subsidiaries and Affiliates	25. Totals 0 26. Total Bonds 1,820,029,061	0 1,924,685,347	0 1,881,638,377	0 1,904,278,584
PREFERRED STOCKS				
Public Utilities (unaffiliated)	27. United States 53,965,550 28. Canada 0 29. Other Countries 0 30. Totals 53,965,550	53,361,550 0 0 53,361,550	66,728,950 0 0 66,728,950	
Banks, Trust and Insurance Companies (unaffiliated)	31. United States 50,645,501 32. Canada 0 33. Other Countries 1,000,000 34. Totals 51,645,501	51,119,406 0 1,134,000 52,253,406	47,079,923 0 1,000,000 48,079,923	
Industrial and Miscellaneous (unaffiliated)	35. United States 193,992,472 36. Canada 0 37. Other Countries 0 38. Totals 193,992,472	208,607,858 0 0 208,607,858	205,004,072 0 0 205,004,072	
Parent, Subsidiaries and Affiliates	39. Totals 0 40. Total Preferred Stocks 299,603,523	0 314,222,814	0 319,812,945	
COMMON STOCKS				
Public Utilities (unaffiliated)	41. United States 295,985,639 42. Canada 0 43. Other Countries 0 44. Totals 295,985,639	295,985,639 0 0 295,985,639	109,270,990 0 0 109,270,990	
Banks, Trust and Insurance Companies (unaffiliated)	45. United States 1,273,762,877 46. Canada 0 47. Other Countries 0 48. Totals 1,273,762,877	1,273,762,877 0 0 1,273,762,877	353,539,211 0 0 353,539,211	
Industrial and Miscellaneous (unaffiliated)	49. United States 996,638,313 50. Canada 0 51. Other Countries 0 52. Totals 996,638,313	996,638,313 0 0 996,638,313	585,347,643 0 0 585,347,643	
Parent, Subsidiaries and Affiliates	53. Totals 695,130,146 54. Total Common Stocks 3,261,516,975	695,130,146 3,261,516,975	145,718,375 1,193,876,219	
	55. Total Stocks 3,561,120,498 56. Total Bonds and Stocks 5,381,149,559	3,575,739,789 5,500,425,136	1,513,689,164 3,395,327,541	

(a) The aggregate value of bonds which are valued at other than actual fair value is \$ 104,594,943 .

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year 5,562,570,359	6. Foreign Exchange Adjustment:
2. Cost of bonds and stocks acquired, Column 6, Part 3 488,683,220	6.1 Column 17, Part 1 0
3. Increase (decrease) by adjustment:	6.2 Column 13, Part 2, Sec. 1 0
3.1 Column 16, Part 1 (43,180,563)	6.3 Column 11, Part 2, Sec. 2 0
3.2 Column 12, Part 2, Sec. 1 (12,172,254)	6.4 Column 11, Part 4 0
3.3 Column 10, Part 2, Sec. 2 (320,700,769)	7. Book/adjusted carrying value at end of current period 5,381,149,551
3.4 Column 10, Part 4 (27,378,151) (403,431,737)	8. Total valuation allowance 0
4. Total gain (loss), Col. 14, Part 4 (13,268,983)	9. Subtotal (Lines 7 plus 8) 5,381,149,551
5. Deduct consideration for bonds and stocks disposed of Column 6, Part 4 253,403,308	10. Total nonadmitted amounts 0
	11. Statement value of bonds and stocks, current period 5,381,149,551

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES
SCHEDULE P - PART 1 - SUMMARY

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							12 Number of Claims Reported - Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX	10,690	1,041	2,821	3	541	0	717	13,008	XXX
2. 1993	1,063,708	81,444	982,264	586,456	23,492	50,852	962	42,054	0	21,300	654,908	XXX
3. 1994	1,265,417	96,256	1,169,161	695,527	25,392	57,636	3,576	50,716	0	24,707	774,911	XXX
4. 1995	1,349,308	83,710	1,265,598	754,988	27,319	64,682	1,566	57,624	0	23,074	848,409	XXX
5. 1996	1,458,626	91,281	1,367,345	885,205	23,152	67,972	2,103	65,231	0	26,314	993,153	XXX
6. 1997	1,548,979	94,281	1,454,698	878,221	41,510	75,081	4,103	73,117	0	32,293	980,806	XXX
7. 1998	1,639,549	95,943	1,543,606	1,027,800	32,971	69,889	2,295	81,772	0	30,934	1,144,195	XXX
8. 1999	1,753,828	95,427	1,658,401	978,180	36,686	58,160	2,021	86,041	0	30,696	1,083,674	XXX
9. 2000	1,936,919	107,930	1,828,989	1,082,508	44,981	53,203	4,139	92,560	0	31,015	1,179,151	XXX
10. 2001	2,221,909	154,985	2,066,924	1,042,858	105,028	33,625	2,579	94,197	0	26,680	1,063,073	XXX
11. 2002	2,723,426	330,348	2,393,078	655,238	11,145	10,784	1,013	75,941	0	14,064	729,805	XXX
12. Totals	XXX	XXX	XXX	8,597,671	372,717	544,705	24,360	719,794	0	261,794	9,465,093	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding - Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1.	70,102	31,617	84,322	13,476	329	5	6,767	38	3,113	0	1,160	119,497	XXX
2.	13,422	1,662	10,722	707	179	87	2,243	13	498	0	563	24,595	XXX
3.	11,100	601	8,033	866	252	32	2,983	14	443	0	808	21,298	XXX
4.	20,965	4,371	9,358	1,072	298	33	4,606	28	747	0	759	30,470	XXX
5.	24,768	339	13,427	1,305	341	60	6,606	37	991	0	1,314	44,392	XXX
6.	46,919	3,774	19,845	2,901	310	72	10,804	52	1,842	0	2,416	72,921	XXX
7.	71,876	18,003	24,779	4,404	399	121	17,599	71	2,674	0	3,333	94,728	XXX
8.	124,739	3,324	47,922	6,884	693	163	31,702	113	4,872	0	5,167	199,444	XXX
9.	232,202	12,124	81,653	14,513	1,643	740	64,044	244	8,832	0	10,454	360,753	XXX
10.	575,840	244,936	168,023	44,120	39,331	37,991	106,337	3,157	20,525	0	15,514	579,852	XXX
11.	553,995	31,595	368,121	49,713	2,575	1,722	135,937	684	83,463	0	32,113	1,060,377	XXX
12. Totals	1,745,928	352,346	836,205	139,961	46,350	41,026	389,628	4,451	128,000	0	73,601	2,608,327	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	109,331	10,166
2.	706,426	26,923	679,503	66.4	33.1	69.2	0	0		21,775	2,820
3.	826,690	30,481	796,209	65.3	31.7	68.1	0	0		17,666	3,632
4.	913,268	34,389	878,879	67.7	41.1	69.4	0	0		24,880	5,590
5.	1,064,541	26,996	1,037,545	73.0	29.6	75.9	0	0		36,551	7,841
6.	1,106,139	52,412	1,053,727	71.4	55.6	72.4	0	0		60,089	12,832
7.	1,296,788	57,865	1,238,923	79.1	60.3	80.3	0	0		74,248	20,480
8.	1,332,309	49,191	1,283,118	76.0	51.5	77.4	0	0		162,453	36,991
9.	1,616,645	76,741	1,539,904	83.5	71.1	84.2	0	0		287,218	73,535
10.	2,080,736	437,811	1,642,925	93.6	282.5	79.5	0	0		454,807	125,045
11.	1,886,054	95,872	1,790,182	69.3	29.0	74.8	0	0		840,808	219,569
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	2,089,826	518,501

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements which will reconcile Part 1 with Parts 2 and 4.

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE THE CINCINNATI INSURANCE COMPANY

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT		
	1	2	3	4	5	6	7	8	9	10	11	12	
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	One Year	Two Year	
1. Prior	630,540	532,894	480,631	458,804	466,994	426,514	438,447	435,122	427,171	455,986	28,815	20,864	
2. 1993	695,912	731,414	699,016	673,999	667,197	646,529	648,428	642,816	635,586	636,951	1,365	(5,865)	
3. 1994	XXX	879,426	851,075	816,193	811,288	782,194	765,126	758,540	746,290	745,050	(1,240)	(13,490)	
4. 1995	XXX	XXX	952,939	908,074	873,320	855,942	838,012	842,838	835,677	820,508	(15,169)	(22,330)	
5. 1996	XXX	XXX	XXX	1,094,103	1,043,639	1,034,980	1,012,143	996,469	980,855	971,323	(9,532)	(25,146)	
6. 1997	XXX	XXX	XXX	XXX	1,009,514	999,634	995,436	988,751	985,645	978,768	(6,877)	(9,983)	
7. 1998	XXX	XXX	XXX	XXX	XXX	1,194,637	1,178,728	1,216,033	1,178,032	1,154,477	(23,555)	(61,556)	
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	1,184,449	1,190,088	1,204,343	1,192,205	(12,138)	2,117	
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,402,805	1,441,917	1,438,512	(3,405)	35,707	
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,511,779	1,528,203	16,424	XXX	
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,630,778	XXX	XXX	
											12. Totals	(25,312)	(79,682)

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002		
1. Prior	000	145,471	236,371	242,087	275,544	297,261	306,546	317,369	327,135	339,602	XXX	XXX
2. 1993	271,833	409,819	481,324	528,194	561,230	589,796	597,657	605,208	608,588	612,854	XXX	XXX
3. 1994	XXX	338,804	504,461	586,639	644,091	680,832	699,420	711,524	719,375	724,195	XXX	XXX
4. 1995	XXX	XXX	359,856	534,430	634,805	709,841	743,386	769,581	782,178	790,785	XXX	XXX
5. 1996	XXX	XXX	XXX	472,889	677,306	781,319	850,693	892,191	917,433	927,922	XXX	XXX
6. 1997	XXX	XXX	XXX	XXX	421,320	627,586	733,073	825,785	875,736	907,689	XXX	XXX
7. 1998	XXX	XXX	XXX	XXX	XXX	540,891	782,454	903,614	1,002,602	1,062,423	XXX	XXX
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	517,735	759,702	891,841	997,633	XXX	XXX
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	608,069	926,192	1,086,591	XXX	XXX
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	655,185	968,876	XXX	XXX
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	653,864	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
1. Prior	223,559	124,249	72,328	87,143	97,669	80,313	88,567	74,448	57,803	77,575
2. 1993	147,399	118,579	66,347	37,735	34,599	20,922	26,654	21,460	13,021	12,245
3. 1994	XXX	208,232	103,807	48,586	48,725	33,561	34,992	26,854	12,952	10,136
4. 1995	XXX	XXX	221,130	93,669	60,827	42,174	47,691	44,238	30,360	12,864
5. 1996	XXX	XXX	XXX	213,779	94,325	66,356	75,867	50,987	33,011	18,691
6. 1997	XXX	XXX	XXX	XXX	165,641	74,854	99,332	66,707	45,719	27,696
7. 1998	XXX	XXX	XXX	XXX	XXX	189,441	168,140	146,455	63,479	37,903
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	292,299	203,233	117,719	72,627
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	364,614	229,441	130,940
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	374,194	227,083
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	453,661

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, etc.	1 Is Insurer Licensed? (Yes or No)	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL	Yes	73,565,724	69,079,910	10,326	30,443,597	27,510,752	55,979,465	39,167
2. Alaska	AK	Yes	5,379,474	6,985,558	0	26,544	58,067	43,168	1
3. Arizona	AZ	Yes	16,600,605	14,912,110	0	8,823,787	6,199,636	12,818,013	19,698
4. Arkansas	AR	Yes	34,460,274	30,183,924	128,051	10,532,972	10,780,723	17,426,432	23,576
5. California	CA	Yes	9,430,169	8,072,942	657	3,314,026	1,829,807	3,690,763	103
6. Colorado	CO	Yes	2,377,496	1,886,961	29	529,349	792,265	699,954	86
7. Connecticut	CT	Yes	3,766,513	3,503,604	0	440,798	792,003	1,211,863	10
8. Delaware	DE	Yes	686,544	623,387	1,218	227,145	377,131	396,901	20
9. District of Columbia	DC	Yes	187,180	192,999	0	(1,557,378)	(1,703,988)	227,467	0
10. Florida	FL	Yes	73,644,469	67,951,752	21,877	26,982,969	24,757,073	43,953,441	60,881
11. Georgia	GA	Yes	153,393,500	148,400,960	35,104	60,147,414	64,957,913	80,651,210	60,996
12. Hawaii	HI	Yes	3,788,355	4,400,089	0	231,534	45,027	151,886	0
13. Idaho	ID	Yes	5,427,793	4,627,463	0	1,560,896	2,676,816	3,138,220	6,244
14. Illinois	IL	Yes	219,424,569	198,976,461	978,693	103,077,947	119,052,596	219,069,606	233,367
15. Indiana	IN	Yes	189,893,000	174,557,976	129,271	92,761,477	104,369,295	143,106,631	168,024
16. Iowa	IA	Yes	61,883,448	57,283,644	797,552	27,548,067	28,247,160	56,610,917	75,142
17. Kansas	KS	Yes	33,247,851	30,765,768	170,666	17,119,785	16,089,606	15,596,720	34,600
18. Kentucky	KY	Yes	92,088,678	82,559,023	43,171	40,043,163	36,300,493	54,874,295	86,168
19. Louisiana	LA	Yes	1,258,132	1,162,084	979	684,061	836,145	984,803	20
20. Maine	ME	Yes	156,566	132,280	0	4,705	72,949	70,853	20
21. Maryland	MD	Yes	21,091,932	17,915,423	120,012	9,298,727	12,833,127	14,752,534	28,225
22. Massachusetts	MA	Yes	1,021,135	867,060	3,518	(528,251)	(173,508,577)	753,955	20
23. Michigan	MI	Yes	140,026,795	123,891,625	662,307	60,470,489	64,595,367	89,786,653	182,995
24. Minnesota	MN	Yes	84,337,375	77,163,146	16,269	21,290,154	31,129,044	44,289,651	67,526
25. Mississippi	MS	Yes	1,249,944	1,149,798	0	771,417	805,161	631,903	38
26. Missouri	MO	Yes	63,325,346	58,633,861	163,474	34,087,993	34,814,995	43,529,111	72,842
27. Montana	MT	Yes	15,857,443	13,271,424	0	3,101,583	4,903,144	7,273,639	21,107
28. Nebraska	NE	Yes	27,649,576	25,113,843	259,554	18,341,998	28,382,859	30,968,481	14,999
29. Nevada	NV	Yes	912,354	870,183	0	93,289	59,902	167,590	54
30. New Hampshire	NH	Yes	8,701,203	7,859,501	4,425	3,680,802	2,715,003	5,773,863	16,549
31. New Jersey	NJ	Yes	6,403,853	5,786,908	23,097	435,448	1,382,563	2,203,297	130
32. New Mexico	NM	Yes	379,909	338,877	0	163,105	341,347	384,205	20
33. New York	NY	Yes	21,755,153	17,407,897	90,348	2,289,986	(18,152,806)	14,732,968	18,114
34. North Carolina	NC	Yes	91,766,182	82,564,825	239,235	33,353,566	41,100,635	67,507,767	33,247
35. North Dakota	ND	Yes	8,043,319	6,830,332	0	3,024,790	2,098,531	3,650,120	8,136
36. Ohio	OH	Yes	630,909,896	581,214,210	0	335,281,286	436,809,473	596,910,766	471,706
37. Oklahoma	OK	Yes	957,293	814,482	4,012	730,213	456,682	1,258,971	40
38. Oregon	OR	Yes	880,233	740,005	0	174,249	205,625	391,709	40
39. Pennsylvania	PA	Yes	135,720,849	119,802,274	1,912,214	49,517,340	61,980,127	104,060,377	205,011
40. Rhode Island	RI	Yes	413,763	370,475	0	100,506	355,750	420,598	0
41. South Carolina	SC	Yes	29,393,270	25,336,538	20,619	14,921,797	18,626,044	23,826,349	28,602
42. South Dakota	SD	Yes	8,087,549	7,180,238	116,193	3,512,570	6,099,529	7,990,452	7,291
43. Tennessee	TN	Yes	66,804,358	60,867,163	24,552	33,834,735	35,829,526	54,320,943	70,651
44. Texas	TX	Yes	57,476,736	56,532,453	0	12,624,514	214,294,821	205,689,539	474
45. Utah	UT	Yes	6,123,246	4,798,819	0	3,290,915	3,902,091	2,380,530	4,313
46. Vermont	VT	Yes	15,744,102	13,914,040	165,702	6,236,080	11,982,868	14,200,637	24,728
47. Virginia	VA	Yes	101,024,500	93,374,295	868,904	46,882,573	46,314,422	67,158,612	116,493
48. Washington	WA	Yes	588,393	347,255	0	74,798	131,216	115,239	40
49. West Virginia	WV	Yes	19,771,577	17,610,095	0	8,234,730	13,192,284	16,951,773	33,136
50. Wisconsin	WI	Yes	96,157,525	88,743,222	3,635,932	40,826,291	40,723,580	75,579,780	111,460
51. Wyoming	WY	Yes	379,993	299,419	0	52,354	43,391	43,534	120
52. American Samoa	AS	No	0	0	0	0	0	0	0
53. Guam	GU	No	0	0	0	0	0	0	0
54. Puerto Rico	PR	Yes	4,927	5,289	0	0	89	43	0
55. U.S. Virgin Islands	VI	No	0	0	0	0	0	0	0
56. Canada	CN	No	0	0	0	0	0	0	0
57. Aggregate Other Aliens	OT	XXX	0	0	0	0	0	0	0
58. Totals	(a) 52		2,643,620,069	2,417,873,870	10,647,961	1,169,112,905	1,368,489,282	2,208,408,197	2,346,230
DETAILS OF WRITE-INS									
5701.	XXX								
5702.	XXX								
5703.	XXX								
5798. Summary of remaining write-ins for Line 57 from overflow page	XXX	0	0	0	0	0	0	0	0
5799. Totals (Lines 5701 thru 5703 plus 5798)(Line 57 above)	XXX	0	0	0	0	0	0	0	0

(a) Insert the number of yes responses except for Canada and Other Alien.

Explanation of basis of allocation of premiums by states, etc.

Premiums received on all classes are allocated to the state in which the risk is domiciled.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

